

REQUIRES MONITORING  
OR STAFF ACTION \_\_\_\_\_

**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>October 25, 2005</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2005-5-G</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		_____

**SUBJECT:**

Docket No. 2005-5-G – South Carolina Electric and Gas Company - Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies – A Hearing was held on this matter on October 20, 2005 – Discuss with the Commission the Settlement Agreement Filed by Wendy B. Cartledge, Esquire on Behalf of the Office of Regulatory Staff, South Carolina Energy Users Committee and South Carolina Electric and Gas Company.

**COMMISSION ACTION:**

Mr. Chairman, I move to approve the settlement proposed by the Office of Regulatory Staff, SCE&G and the South Carolina Energy Users Committee in this matter. I believe that we all understand that this is a most unfortunate situation. Natural gas prices were already rising sharply last year, and then the disruption to supply caused by Hurricanes Rita and Katrina has sent them skyrocketing. As we heard last week, the cost per dekatherm of natural gas has risen 100% since last spring, from about \$7.00 to \$14.00. By law, this cost increase ultimately has to be reflected in rates.

This settlement softens the impact of these cost increases, by delaying SCE&G's recovery of \$21 million dollars until next year, saving \$1.7 million by depleting their propane reserves and injecting them into the distribution system during the winter to keep costs down and using lower fuel price estimates to keep rate increases down. SCE&G is giving up about \$1.5 million dollars in interest charges. Furthermore, this proceeding, and the settlement, involves an audit of SCE&G by ORS, which ensures that the price increases being approved are pure "pass throughs" and do not result in any profits for the company. Frankly, I believe this is the best deal available for the state's consumers. I commend ORS, SCE&G and the South Carolina Energy Users Committee for arriving at this settlement.

While, I am not personally happy to approve a rate increase, I don't see where we have a choice. Therefore, I move that we approve the settlement and that it be effective for all bills rendered on and after the first billing cycle of November 2005.

PRESIDING	<u>Mitchell</u>				Session:	Regular
	MOTION	YES	NO	OTHER	Time of Session	<u>2:30 PM</u>
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED	_____
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED STC 30 DAYS	_____
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		ACCEPTED FOR FILING	_____
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		DENIED	_____
MITCHELL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not Voting	AMENDED	_____
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		TRANSFERRED	_____
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		SUSPENDED	_____
					CANCELED	_____
					SET FOR HEARING	_____
					ADVISED	_____
					CARRIED OVER	_____
					RECORDED BY	<u>SCHMIEDING</u>

\*Chairman Mitchell was absent from the Hearing Scheduled on October 20, 2005 due to illness.